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C O N F I D E N T I A L SECTION 01 OF 03 BRASILIA 001405

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NSC FOR FISK AND TOMASULO

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SUBJECT: BRAZILIANS HIGHLIGHT POSITIVE BILATERAL RELATIONS
FOR UNDER SECRETARY BURNS

REF: A. BRASILIA 1301

[1](#)B. USUN NEW YORK 0928

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Classified By: Ambassador Clifford M. Sobel, Reasons 1.4 (b) and (d)

[1](#)1. (C) During his October 17 visit to Brazil, Under Secretary Bill Burns was told repeatedly by GOB officials and others that relations between the United States and Brazil are excellent and that they hope a new U.S. administration will make an early effort to build on them. GOB officials focused on their efforts to manage difficult relations with their neighbors and to increase political and economic integration in the region. In particular, they encouraged the USG to respond positively to the first Latin America/Caribbean Summit (all Western Hemisphere countries, including Cuba, except the United States and Canada) that Brazil will host in December. Foreign Ministry officials highlighted their interest in cooperating on Haiti, UN Security Council reform, the Middle East, the financial crisis, and the Doha trade round. End summary.

-- Defense Minister Jobim Offers His Insights --

[1](#)2. (C) In Brasilia, Minister of Defense Nelson Jobim provided U/S Burns an overview of Brazil's relations with neighboring countries, noting Brazil's ongoing issues with Bolivia (gas, and the political crisis), Ecuador (Odebrecht), Paraguay (Itaipu), and Argentina (gas and economic concerns). Without specifying, he described many of the leftist leaders in South America as "primitive." Jobim stressed that, although relations between the United States and Brazil are excellent, it would not do for our countries to appear too close, as it might scare Venezuelan President Chavez, who is already looking to use external threats to divert attention from his internal problems. Jobim suggested that the new U.S. administration should look at changing U.S. policy toward Cuba. He added that there is no better analyst of the region than President Lula's foreign policy advisor, Marco Aurelio Garcia, and recommended that advisors to the new U.S. president meet with Garcia early on to get his perspective.

[1](#)3. (C) In discussing possible sale to Brazil of F-18s, Jobim raised Brazilian concerns with technology transfer, explaining that it is a critical element in Brazil's decision.

¶4. (C) At the same meeting, Chairman of the Senate Defense and Foreign Affairs Committee Heraclito Fortes said relations between our two governments have never been better, including with the Brazilian congress, as a result of increased USG efforts. Jobim agreed, saying that SouthCom's recent efforts have improved relations with the Brazilian military. Fortes said the new U.S. administration needs to continue and enhance engagement of this nature with Brazil, citing peacekeeping in Haiti as a positive, concrete example of how our countries can work together.

¶5. (C) Fortes expressed concern with growing Iranian and Russian influence as a result of Venezuela's ties, and suggested that the United States should give more support to Mercosul as an organization aimed at preserving democracy. At the same time, Fortes voiced his opinion that Ecuador's President Correa presents a greater long-term threat to stability in the region than Venezuela's Chavez because Correa is educated and his moves are planned. Fortes also raised his continuing frustration with the absence of the United States at the Inter-Parliamentary Union (IPU).

-- Mexican Ambassador to Brazil Offers Thoughts on CALC --

¶6. (C) Mexican Ambassador to Brazil Andres Valencia Benavides provided his views of the December 17-18 conference of Latin American and Caribbean heads of state (CALC) in Bahia (Reftel A). Benavides lamented that, with the demise of negotiations for a Free Trade Area of the Americas, the Summit of the Americas process had lost the hemisphere-wide unifying theme that drove it. He suggested that the new U.S. administration should seek to provide such a theme.

-- Finance Ministry Chief of Staff Discusses Region, Energy, and Economy --

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¶7. (C) In a separate meeting, Finance Ministry Chief of Staff Luiz Melin said that the CALC meeting represents another way for Brazil to manage Chavez, and suggested that the USG should find ways to broaden dialogue with the region across sectors, including through acknowledgement of and respect for the role of the various regional and sub-regional mechanisms that have been put in place. He emphasized that these mechanisms do not represent a barrier to cooperation with the United States. "You need to give them legitimacy and welcome them," he said. Melin sees the region as being at a tipping point, and stressed that Brazil must sell regional mechanisms as "fair and useful" as it works to bring countries like Venezuela on board with a more constructive approach. Andean Development Bank (CAF) Brazil Representative Moira Paz-Estenssoro, a Bolivian, agreed with Melin, urging the U.S. "to build partnerships with respect, acknowledging good actions."

¶8. (C) Melin also discussed Brazil's response to the global financial crisis. Noting that Brazil had learned its lesson from its previous economic crises, the GOB slashed investment in an effort to control government spending, which resulted in Brazilian infrastructure suffering severely. This time, the GOB intends to maintain its commitment to spending under the Program to Accelerate Growth (PAC) aimed at increasing investment in infrastructure, so as to lay a foundation for future growth as it manages the crisis. Mines and Energy Ministry official Francisco Wojcicki described the Brazilian energy matrix, emphasizing that Brazil welcomes foreign investment as it develops its pre-salt reserves and expands and maintains its electricity infrastructure.

-- Itamaraty Luncheon: Brazilian Perspective on Global and Regional Issues --

¶9. (C) The Brazilian Ministry of External Relations (MRE, or Itamaraty) hosted a two-hour working lunch that covered a

wide range of bilateral and global topics. U/S for Political Affairs Everton Vargas toasted the deepening bilateral relationship and said a purpose for the talks was to see where our convergences lie. The bilateral relationship is characterized by positive dialogue and cooperation. It is important to build on it. U/S for Energy and Technology Andre Amado stressed the importance of continuing biofuel cooperation in third countries despite the orchestrated effort by some to demolish progress.

¶10. (C) In discussing the financial crisis, U/S Vargas suggested that, as the G-7 had been created to address the oil crisis in the 1970s, so the international community needs to consider creation of new mechanisms to address the current crisis. This is why President Lula had proposed an ECOSOC meeting to help develop a response. However, he added, "we have no illusions about a magic solution." Vargas noted that the Ibero-American Summit would be held in El Salvador at the end of the month, saying that, although the theme is officially energy, former Inter-American Development Bank President and now Ibero-American Summit Executive Director Enrique Iglesias is encouraging discussion of the financial crisis, as both crises go hand in hand. U/S for Economic Affairs Luiz Carneiro de Mendonca said that timing will be a key question for the future Doha trade round, affected by election cycles in the United States and India.

¶11. (C) U/S Vargas raised reform of the UN Security Council, saying that the international community must keep reform at the center of our collective thinking (Reftel B).

¶12. (C) U/S Vargas encouraged holding a donor conference on Haiti before the beginning of 2009. Prior to holding it, it will be important to agree on the criteria for success. Vargas stressed the importance of linking and coordinating GOH priorities, and of setting a timetable for disbursements. Minister Carlos Duarte, head of the International Organizations Department, noted that the most recent MINUSTAH report had benchmarks that would provide a useful basis for donors. Vargas suggested that the USG and GOB should hold bilateral discussions on Haiti.

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¶13. (C) Turning to the Middle East, Vargas said Brazil views USG efforts very positively. As a participant in the Annapolis meeting, FM Amorim believes Brazil should help keep the process moving, especially as it is the key to resolving many other issues around the world. Ambassador Regina Dunlop, representing the under secretary for Asia, Africa, and the Middle East, said that Brazil is particularly pleased that regional actors are at the center of efforts toward a region-wide solution. U/S Vargas commented that Brazil does not want to see more states, including Iran, with nuclear weapons and fully supported UNSC sanctions.

¶14. (C) Minister Joao Luiz Pereira Pinto, representing the under secretary for Latin America and the Caribbean, discussed the CALC, explaining that South American nations never had meetings only among themselves to discuss regional issues. As UNASUL provided a forum for dialogue among South American governments, so CALC would provide a forum for the region. The most likely focus of the summit will be the financial crisis, he said, although energy had been the original focus. Resolving energy issues is a principal concern in the region, Vargas said, critical to getting South America on its feet. Discussing the very different realities for South American countries, Vargas stressed the need for greater cooperation and integration on energy matter, and on infrastructure more broadly.

¶15. (C) When asked what the new U.S. Administration should know about Brazil and the region, Vargas said "Bear in mind that people here have sensitivities". He said that Brazil

hopes the dialogue that has been established with the current administration will continue under the new one.

-- Sao Paulo Meetings with Economic and Foreign Policy Observers --

¶16. (SBU) Chairman of the Senate Economic Affairs Committee Senator Aloizio Mercadante (Labor Party), former Development Minister Luiz Fernando Furlan, and FIESP international negotiations director Mario Marconini urged that the next administration seek pre-inaugural contacts with major countries in the region to send the clearest message about Brazil,s and Latin America,s importance to the United States. Brazil,s strong economy, the country,s moderating effect on the region,s politics, and the prospect for strategic partnership in areas such as energy (especially biofuels) make it imperative for the new U.S. administration to signal its interest in bilateral cooperation. Important possibilities exist for either a Republican or a Democratic administration, they said.

¶17. (SBU) Former Foreign Minister Celso Lafer and former Brazilian ambassador to London and Paris Sergio Amaral argued that Brazil needs to show greater resolve with its sometimes-difficult neighbors (e.g., Bolivia and Paraguay) and not indulge them every time they make demands. They also stressed that the region is looking to the United States for leadership in a time of global financial uncertainty, much as the United States provided in the wake of World Wars I and II. Ambassador Amaral suggested that a United States that is "less strong8 is not all bad for bilateral relations and that Brazil could prove a positive partner for Washington in a number of areas. Amaral offered that Cuba and ethanol (most notably the U.S. tariff) were areas where a strong, positive signal from Washington would be well-received in Brazil.

¶18. (U) U/S Burns cleared this cable.
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